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NORTH SUBURBAN HAIR SALON OWNER CHARGED WITH FILING FALSE FEDERAL CORPORATE INCOME TAX RETURN

CHICAGO – The president and sole owner of a north suburban hair salon and spa was charged today with filing a false federal corporate income tax return for allegedly under-reporting his firm's taxable income by more than $750,000 over three years. The defendant, **Teddie Kossof**, 64, of Glenview, was charged in a single-count criminal information filed in U.S. District Court, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

Kossof is president of Teddie's Hair Designers, Inc., which operates Teddie Kossof Salon in Northfield. He will be ordered to appear for arraignment at a later date in U.S. District Court. Through his attorney, Kossof authorized the government to disclose that he will be pleading guilty to the charge.

According to the charges, Kossof skimmed cash receipts of the business on numerous occasions in 2002, 2003 and 2004 and diverted the money for a variety of business and personal expenses. At the end of each year, Kossof met with an accountant who prepared his corporate tax returns and represented that the financial records he provided of the business's gross receipts were accurate, while failing to disclose that he had omitted the cash proceeds that he had skimmed.

The information alleges that Kossof's corporate returns understated the salon's gross receipts by $193,423 in 2002; $291,449 in 2003; and $275,984 in 2004, for a total of $760,856. The additional corporate income tax that Kossof owed in each of those years was $5,515 in 2002; $55,245 in 2003; and $53,600 in 2004, for a total of $114,360 according to the charges.

The government is being represented by Assistant U.S. Attorney Kaarina Salovaara.

If convicted, filing a false federal income tax return carries a maximum penalty of three years in prison and a $250,000 fine. In addition, a defendant convicted of tax offenses faces mandatory costs of prosecution and remains liable for any taxes, penalties and interest owed. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that an information contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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